Is Retail Trade a Focus for *Real* Economic Development?

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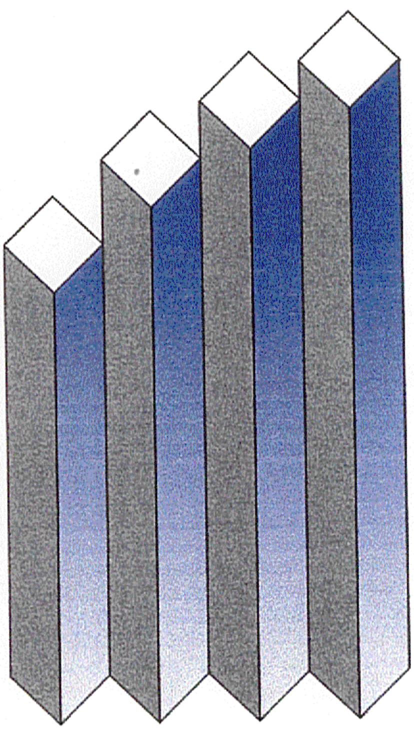
November 2000



[1]The University of Arizona's Economic Development Research Program is funded in part by the United States Department of Commerce, Economic Development Administration.

Acknowledgments

The University of Arizona's Economic Development Research Program would like to thank the following people for their assistance during the research process:

Barry Albrecht of the Sierra Vista Economic Development Foundation and Jim Huff from The Mall of Sierra Vista for their time, assistance and thoughtful input throughout the study. We also wish to thank Gary McPherran and David Felix from the City of Sierra Vista for their help in providing city tax information for the purposes of this research.

Lastly, special thanks to Andrew Grogan and Bryant Evans from the Economic Development Research Program. Andrew dedicated much time and effort towards the project, particularly in the area of statistical analysis. Bryant contributed by providing editorial insights in the latter stages of the production of the report.

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Introduction

Not too long ago, no self-respecting economic developer would admit to being concerned with retail activity. Times have changed. Whereas we do not have hard evidence, it does seem as though economic development professionals are increasingly willing to make retail activity an explicit element in their work programs.

The purpose of this report is to take a look at retail trade as a development focus from both a theoretical and a practical perspective. What we will find is that whereas "retail ain't manufacturing," it has a great deal to recommend it. It can be an essential ingredient in a comprehensive and well-balanced economic development program. As sophisticated economic development programs move away from the traditional focus on recruitment of manufacturing firms, retail becomes a much more obvious area for attention given its potentials to enhance the community's "quality of life" offerings and because of some good old-fashioned economic benefits.

Site and Situation

Sierra Vista is one-of-a kind. It is the largest non-metropolitan population center in Southeastern Arizona. Indeed, it is one of the largest non-metro centers in the state and certainly one of the largest in the Southwestern United States that is not located on an interstate highway or even a federal highway (Figure 1). A high-tech Army post is its

Figure 1

Map 1. Sierra Vista, Arizona

Source: 2001 Microsoft Streets & Trips

core activity; the combination of uniformed military, Department of Defense civilians, and Department of Defense contractors support a dynamic and sophisticated population. More recently, Sierra Vista has diversified its economy and it has a growing reputation as an affordable community with a "high quality of life". The quality of life issue is supported by the community's 4,600 foot elevation which keeps summer temperatures down (compared to Tucson). Community livability is also promoted by relatively modest housing prices and more recently, by the opening of the Mall at Sierra Vista. Malls can be news anywhere but in smaller non-metro centers they are front page news. This is certainly the case in Sierra Vista. And no wonder; the Mall is a large, state-of-the-art facility with controlled climate. It has abundant parking, and it has restaurants, movie theaters, two major national department stores, and a variety of branded and independent specialty stores.

At first glance, the Mall at Sierra Vista may seem like overkill given Sierra Vista's size and situation. However, the community possesses a number of features that lead us to believe that the developer probably made a good call. These features include, but are not limited to, the following:

First, Tucson was the only city in Southern Arizona with major malls, but Tucson is some 70 miles to the north and west.

Second, Sierra Vista proper has a population of 40,550 (current projection) and is expected to grow by 25% to 49,795 during the next 15 years (Figure 2).

Third, Sierra Vista is an intervening opportunity standing between many of Cochise County's people and Tucson and its retail and service sector providers. Cochise County's population is now pegged at 121,837 and expected to increase to 143,793 by 2015. (Figure 2).

Fourth, Sierra Vista is an intervening opportunity standing between the substantial populations of Cananea, Agua Prieta, and other communities in Northeastern Sonora, Mexico and Tucson's retailers. Some sources estimate this area of Sonora to have a population as high as 209,000.[2]

Theory vs Practice

In this section, we open with comments on theory. But it is soon obvious that our real challenge is that of reconciling practice and theory. Indeed, that was part of the challenge issued by our client. Specifically, the Director of the Sierra Vista Economic Development Foundation asked the University of Arizona's Economic Development Research Program to undertake a study of the new Mall at Sierra Vista.

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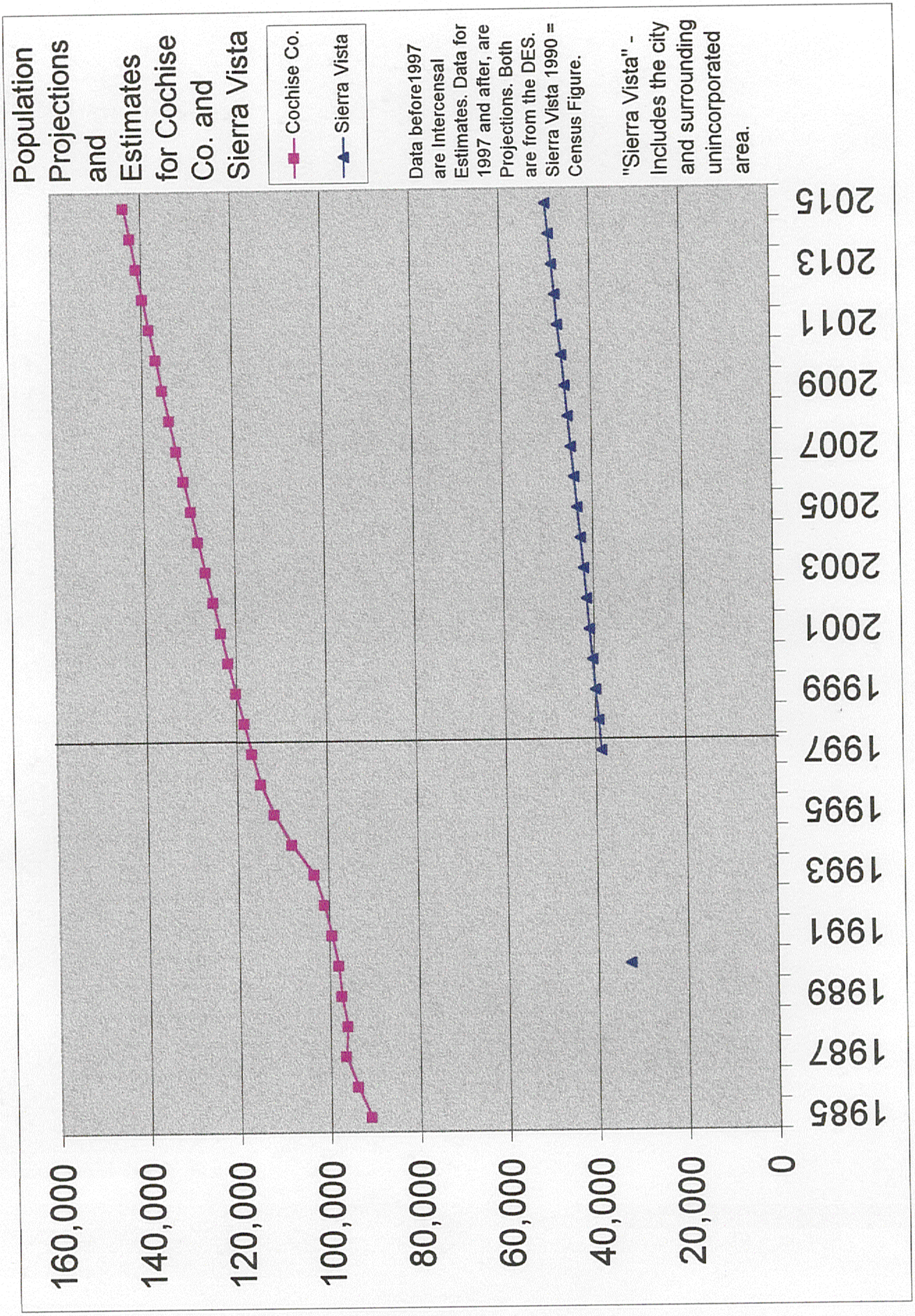
[2]Source: The figure of 209,000 is derived from year 2000 estimates provided by the Douglas Community and Economic Development Department. Other estimates, such as preliminary year 2000 census figure estimates from *El Instituto Nacional de Estadistica, Geografia e Informatica*, place total population of the area at around 121,000. Whereas there is a difference of 88,000 in these two population figures, either number points to a substantial population and trade market on the Mexico side of the border for the Sierra Vista trade area.

Theory. Economic development programs have traditionally focused on manufacturing for several reasons:

- the manufacturing sector had a large number of jobs;
- manufacturing jobs paid high wages;
- manufacturing is often an export activity that exports a commodity out of the region and imports payment into the region;
- manufacturing jobs are backed up by substantial investment in plant and equipment which makes them fairly stable;
- investments in plant and equipment translate into tax revenues for local governments; and
- manufacturers often have complex patterns of forward and backward linkages making them ideal "engines" for regional industrial clusters.

Figure 2



Population Projections and Estimates for Cochise Co. and Sierra Vista
Cochise Co.
Sierra Vista
Data before1997 are Intercensal Estimates. Data for 1997 and after, are Projections. Both are from the DES. Sierra Vista 1990 = Census Figure.
"Sierra Vista" - Includes the city and surrounding unincorporated area.
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
1985
1987
1989
1991
1993
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015

Over the past 30 years or so, a number of push factors and pull factors have come into play – push factors that have pushed regions away from their previous preoccupation with manufacturing and pull factors which have pulled regions toward a focus on non-manufacturing activities and have encouraged them to embrace sectors such as retail trade.

Push Factors. Fundamental changes in American economic life have pushed economic developers away from their traditional agendas. Whereas the total number of jobs of all kinds in the U.S. has grown substantially in the final quarter of the 20th Century, manufacturing jobs have held steady at about 20,000,000. Manufacturing's share of U.S. employment has dropped from 26% in 1970 to approximately 16% in 1995 (Table 1). The reasons are many, but substitution of capital for labor and globalization and the international division of labor are certainly significant. Add to this the observation that manufacturing is associated with the "old economy" and occasionally with regional decline and it is clear why manufacturing has been pushed from its former position of prominence in many economic development program agendas. Manufacturing continues to be a desirable activity to build the community economic base, but the simple fact is there are fewer jobs for the typical community to chase. Economic developers have found that the move from "old economy" to "new economy" has made it necessary for them to expand their horizons to include things like retail trade and tourism.

Pull Factors. Other forces are pulling the economic development profession toward a new model. During the time that the fundamental nature of manufacturing activity in the U.S. was undergoing substantial change, the service economy was growing and parts of it eventually morphed into what we now sometimes refer to as the "knowledge-based new economy". Whereas traditional retail activity is hardly new economy, it has probably seen its reputation among development professionals grow because it is part of the new economy driven service sector. But of equal, if not greater significance, is the fact that competition between places is even more keen today than, perhaps, at anytime in the past. First, businesses looking for new locations certainly have more information about more locations than at any time in history. And because businesses have more choices and because workers are more mobile, decision making has grown much more complex. Such things as quality of life seem to increasingly come into play. Retail activity and opportunity appears to be emerging as one of the more important pieces in the quality of life equation.

Table 1. U.S. Employment by Industry

	1970	1995
Agriculture	4.4%	2.8%
Mining	0.7%	0.5%
Construction	6.1%	6.1%
Manufacturing	26.4%	16.4%
The "Services" Including:		
TCPU	6.8%	7.0%
Wholesale Trade	3.4%	4.0%
Retail Trade	15.7%	16.9%
FIRE	5.0%	6.4%
Services Per Se	25.9%	35.2%
Public Administration	5.7%	4.8%
	100.0%	100.0%

Note: TCPU is Transportation, Communication and Public Utilities whereas FIRE is Finance, Insurance, and Real Estate. Numbers may not add because of rounding.
Source: U.S. Bureau of Labor Statistics.
From: Statistical Abstract of the United States, 1997.

Retail Trade as Product Development. When the region-based economic developer "sells," he is selling the area or region or community that he or she represents. This is his/her product. With the heightened awareness of the importance of quality of life considerations, the competitive development professional finds himself increasingly involved in community building and product development-type activities. More often than not, the developer is not involved in the recruitment of retail establishments. Instead, he or she provides strategic information, works as an advocate for hard and soft community infrastructure that are supportive of expanded retail-type activity, and serves as a bridge or link between local governments and outside commercial interests.

Sometimes this concern with retail is implicit and at other times it is explicit. Sierra Vista, our case study community, has made this explicit. The Sierra Vista Economic Development Foundation has produced a mission statement that covers its concern with retail trade in general and the Mall at Sierra Vista in particular. (Appendix D).

Retail Trade as Economic Development. Retail has also likely benefitted because increasingly sophisticated development practitioners have a better understanding of how regional economic systems work and about the role played by various industries within regional systems. In short, today's development professionals understand that regional economic welfare can be enhanced by reducing trade leakage and by meeting local export driven demand for retail goods. In the former case, we know that by internalizing the demand for goods and services, we are reducing the expenditures that "leak" out of regional systems when local residences find themselves leaving their home region to go shopping. In the latter case, we are recognizing that in several cases retail trade really is an export activity that draws money into the local region from outside.

Examples:

- **Tourism** – a tourist driving through a region stops for gasoline, food, something to drink (all retail) or a hotel room (a service).
- **Seasonal residents** – a winter visitor to Florida or a cottager in Minnesota purchases food and other supplies.
- **Retirees** – retirees from the Northeast move to the Southwest and "import" pension dollars to their new home region.
- **In-shoppers** – a new regional mall draws residents of the larger region who never bothered to shop in the local community until the mall opened.

Make no mistake, retail is not manufacturing. The wages in retail are much lower than those in manufacturing. But retail has a great deal to recommend it.

- It is a large employer – nation-wide, one out of six employed persons is in retail trade.
- It is a sector which can easily accommodate part-time workers. This may not be great news for heads-of-family but it can be good news for the semi-retired and for secondary bread-winners.
- Whereas the core business of most retail is serving local, "non-export" customers (and thereby reducing trade leakage) retirees, snowbirds, and in-shopping all contribute to the region's basic or export economy.

- Retail establishments usually represent a substantial brick-and-mortar investment. A regional shopping mall can represent a huge investment and a positive addition to the local tax base. Further, this sort of investments lends itself to the "stable employer" benefit claimed by manufacturing.
- Even cluster benefits can be associated with retail activities – especially malls and specialty retailers. "Reputation" is an important consideration with industrial properties, but the concept applies to towns and cities too. For example, think of how a regional city's reputation is enhanced by a new state-of-the art mall or branded specialty stores; the greater the "reach" of a regional mall, the greater the probability that customers coming from a distance will make multiple purchases, including purchases of goods that are also available in their local communities. In this example, the mall has become an engine for an expanding retail cluster.

Practice. In theory, retail can be a strong player in a regional development initiative. What about practice? Sierra Vista, Arizona presents us with a useful case study.

In October of 1999, the Mall at Sierra Vista opened for business. With 386,249 square feet of rentable space, 396,929 square feet under roof, parking for 2,404 cars, and a 52.66 acre site, the new mall is easily the largest retail complex in Southeastern Arizona. The local development organization, the Sierra Vista Economic Development

Foundation worked with the mall developers as it would work with any other industrial prospect. This decision was not viewed with enthusiasm in all corners of the community. Some opposed involvement because they saw the mall as competition for local merchants and for established retail centers. There was also concern that a mall was not an appropriate focus for a local development organization which was create to attract new "industry" (read manufacturing or defense related activities) and to deal with retention and expansion of existing industry.

As previously noted, the Director of the Foundation asked the University of Arizona's Economic Development Research Program to undertake a study of the new mall,largely in an effort to address these concerns. Because the mall was less than a year old when the study was undertaken, observations need to be viewed as suggestive, not definitive. Nevertheless, it was decided to move ahead with the study both because it could provide specific understandings on the role of the mall in the regional economy and because it would provide an opportunity to develop more general understandings about the role of retail trade in economic development programs such as the one offered by the Sierra Vista Economic Development Foundation[3].

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[3]The University study team's "charge" areas given in the "mission statement, Sierra Vista Retail Development Study" which is found in Appendix E.

During the Spring of 2000, a team from EDRP conducted a survey of mall tenants. At this point, the mall had 47 tenants including the firm that manages the mall. Forty of the 47 tenants provided information. Those firms not providing data included one of the two large anchor tenants and several smaller firms. Despite some gaps in data, the survey did provide a variety of useful insights.

Profile.

Rather than provide detail on each of the 40 responding firms, we have decided to provide a more generalized profile. (For readers who crave detail, we have prepared Appendix B!) What follows is a series of generalizations. Whereas we are comfortable with these generalizations, it is important to remember that we are basing our conclusions on a sample of all firms, not complete data from the full population of tenants.

- 40 of the 47 mall tenants are in the retail sector and 5 are services (we use the SIC system to classify tenants here).
- Using the new NAICS system which offers 20 major sectors compared to the 10 sectors used by the SIC system, there are 32 retail establishments, 8 accommodation and food services operations, and 3 "other services."

- The 40 firms providing employment information had 512 headcount employees. This number would certainly have been larger if both anchor tenants had responded. Among the largest employers are a department store, a movie theater, a retail clothing store, and the mall management company.
- Female employees outnumber male employees 2 to 1 and part-time employees outnumber full timers by 2 to 1.
- Most employees live in Sierra Vista or in the immediate vicinity. Cross commuting is limited.
- Three-fourths of the mall's customers [4] come from the Greater Sierra Vista Area (refer to Figure 1). The remaining 25% come from:

Elsewhere in Cochise County	12%
Mexico	9%
Other	4%
Total	100%

- 33 mall tenants are new to the Sierra Vista market; 14 were already in Sierra Vista. Ten of the 14 moved from their Sierra Vista location and relocated to the mall; 4 of the 14 have kept their established stores.

[4] These data come from the Spring 2000 Survey. According to independent estimates provided by the Mall at Sierra Vista, a different picture emerges. Their numbers suggest that only half of the mall's traffic come from Sierra Vista, and that almost a third (30%) of their customers come from Mexico. Their estimates of 15% of the customers coming from elsewhere in Cochise County and 5% other closely resemble our survey findings. The origin of customers is an important consideration that would appear to benefit from further study.

- Those new to the Sierra Vista market were attracted by the area's population growth and by the opportunity to locate in a large, new, regional mall.
- 35 mall tenants are branches of multi-store operations; 8 are new start-ups.
- Foot traffic is seen as being the single biggest advantage of a mall location. Other advantages include air conditioning, parking, the advantages of being in proximity to anchor stores, and the fact that the mall itself is a destination with food, entertainment, and other complementary activities.
- Three of every four businesses claimed that their sales were meeting or exceeding expectations.

"Big Stores"

In addition to the Mall at Sierra Vista, Sierra Vista's retail landscape has been shaped by the development of "big box" and conventional department stores including K-Mart, Target, Wal-Mart, and J.C. Penney. These stores were contacted and when possible, interviewed with a questionnaire that is similar to the one used at the Mall at Sierra Vista. In Sierra Vista, the "typical" Big Store has been around for at least 10 years; during its tenure in town it has moved to a better location, i.e., a location with better access to potential customers. Employment is substantial, i.e., 50 or more employees and it is highly dominated by females. Most employees live in greater Sierra Vista although some in-commute to Sierra Vista from other Cochise County employees.

Seven or eight out of every ten customers (75%) of these Big Stores live in the Sierra Vista area. Those customers coming from outside the Sierra Vista area are distributed as roughly 40% from Mexico and 60% from other areas of Cochise County, e.g., Bisbee, Douglas, or Tombstone. In other words, of every ten customers, seven or eight are local, two are from elsewhere in Cochise County and one is from Mexico. The customer base is reinforced given the substantial population in Northern Mexico and the increasing levels of interaction between the two countries which is promoted by the "hot" U.S. labor market and NAFTA. The end result is impressive – one-quarter of the sales in Big Stores represent exports for the Sierra Vista region. And by extension, one out of every four employees in Big Stores (or at the Mall at Sierra Vista) will support additional workers in the Sierra Vista through the multiplier process!

Outcomes and Understandings.

We can draw conclusions of two kinds. First are conclusions that come with a better understanding of what retail activity can mean to a regional economy and the role that it can play in the mission of an economic development organization. Second, we can draw some **tentative** conclusions about the Mall at Sierra Vista per se and what it has meant and will mean to the Sierra Vista economy.

The second set of conclusions is by necessity tentative because the mall is too new to allow for final conclusions. In other words, as a force shaping the regional economy. The Mall at Sierra Vista is still a work in progress.

Mall Survey. The Mall survey also suggests that retail trade is **real** economic development.

The mall offers a new, unique, and attractive environment and it has brought "new blood" into the Sierra Vista retail market. Whereas we do have direct evidence that the Mall has reduced trade leakage to places like Tucson it would appear that this is a good bet. Retaining income in a system to allow for one (or more) "rounds" of spending is a worthy goal for any development program.

An estimated 25% of sales are made to outsiders. In other words, these are "export sales" that contribute to Sierra Vista's multiplier. A fundamental goal of most economic development initiatives is job creation. If this was the goal in Sierra Vista, the Mall is an overwhelming success. The firms that were surveyed had 512 headcount employees and we estimate that the remaining firms had another 151 for a grand total of 663. This makes the Mall one of the communities ranking employment centers.

We estimate that these 663 headcount employees are equal to 390.69 full time equivalent employees. Further we estimate that 371.16 of them live in Sierra Vista or vicinity.

Finally, we estimate that if we assume a multiplier of 1.68, the Mall supports an additional 63.10 FTE local-serving employees! This means that some 454 full time equivalent workers in Cochise County owe their jobs to the Mall at Sierra Vista (the headcount estimated total is over 725!) Few employment centers in the Sierra Vista area can claim numbers of this magnitude.

Sales Taxes. Sales tax data suggest that the Mall has probably redefined Sierra Vista's role as a regional center. Whereas it is far too early to assert this observation as "an obvious fact," the data seem to head in a direction that will confirm the initial assertion. Figures 2 and 3 and Table 2 all show the same data in different but complementary ways. What can we conclude? First, there is a very positive January spike when December sales are posted. Following the January spike, there is a deep valley which hits bottom in February and then slowly builds to a "spring plateau." What happens during the rest of one year is less predictable but in recent years, at least, it seems that the last couple of months of the year are better than the last couple of months of the previous year. Second, it seems as though each year's sales are stronger than the year before. Given the fact that we have fewer than five full years of data, caution must be exercised when interpreting data. However, it seems as though sales may have taken a substantial jump at about the time the Mall at Sierra Vista opened in the Fall of 1999.

If our speculation proves to be the case, we will have supported one or more of the following expectations:

1) That the Mall substantially enhances the quality of life in Sierra Vista and as such achieves the "product development" objective of making Sierra Vista a more desirable place to live and to locate a business or government agency;
2) A large retail project such as the Mall will help a community take fuller advantage of local demand by reducing trade leakage, e.g., the loss of local sales to other retail centers such as Tucson.
3) The Mall makes Sierra Vista a more attractive shopping destination than it was before for residents of outlying areas.
4) The Mall makes Sierra Vista a more attractive "intervening opportunity" for Mexican Nationals and other shoppers who previously drove through Sierra Vista on their way to Tucson or some other large center.

Given what we have found and what we anticipate the bottomline is clear – retail trade is indeed **real** economic development!

Table 2. Sierra Vista: City Sales Tax for Retail Trade by Month (in Thousands of Dollars)

Year	Month		Dollars
1996			
	January	376	($376,386.63)
	February	257	($257,576.77)
	March	289	($289,976.08)
	April	321	($321,636.02)
	May	294	($294,959.47)
	June	272	($272,534.00)
	July	268	($268,607.33)
	August	313	($313,925.66)
	September	289	($289,607.32)
	October	306	($306,894.63)
	November	282	($282,683.87)
	December	294	($294,553.17)
1997			
	January	418	($418,524.11)
	February	277	($277,960.44)
	March	282	($282,028.44)
	April	306	($306,340.38)
	May	334	($334,859.37)
	June	323	($323,955.99)
	July	326	($326,899.17)
	August	302	($302,286.76)
	September	304	($304,854.68)
	October	304	($304,590.92)
	November	322	($322,923.04)
	December	317	($317,195.97)

Continued

Table 2. Sierra Vista: City Sales Tax for Retail Trade by Month (in Thousands of Dollars)

1998		
January	429	($429,246.09)
February	292	($292,475.24)
March	307	($307,021.10)
April	325	($325,604.47)
May	333	($333,824.19)
June	344	($344,998.12)
July	335	($335,127.83)
August	333	($333,177.28)
September	324	($324,803.93)
October	322	($322,695.93)
November	341	($341,671.10)
December	341	($341,390.49)
1999		
January	462	($462,655.88)
February	306	($306,407.19)
March	333	($333,520.49)
April	373	($373,493.02)
May	365	($365,429.46)
June	379	($379,407.27)
July	255	($255,559.61)
August	371	($371,938.68)
September	359	($359,736.72)
October	364	($364,953.98)
November	380	($380,375.37)
December	403	($403,323.00)

Continued

Table 2. Sierra Vista: City Sales Tax for Retail Trade by Month (in Thousands of Dollars)

Year 2000 – July

January	552	($552,510.92)
February	330	($330,866.83)
March	387	($387,246.81)
April	408	($408,296.40)
May	457	($457,373.02)
June	406	($406,720.99)
July	426	($426,276.94)

Source: Arizona Department of Revenue - TPT. 1996-2000.

Figure 3

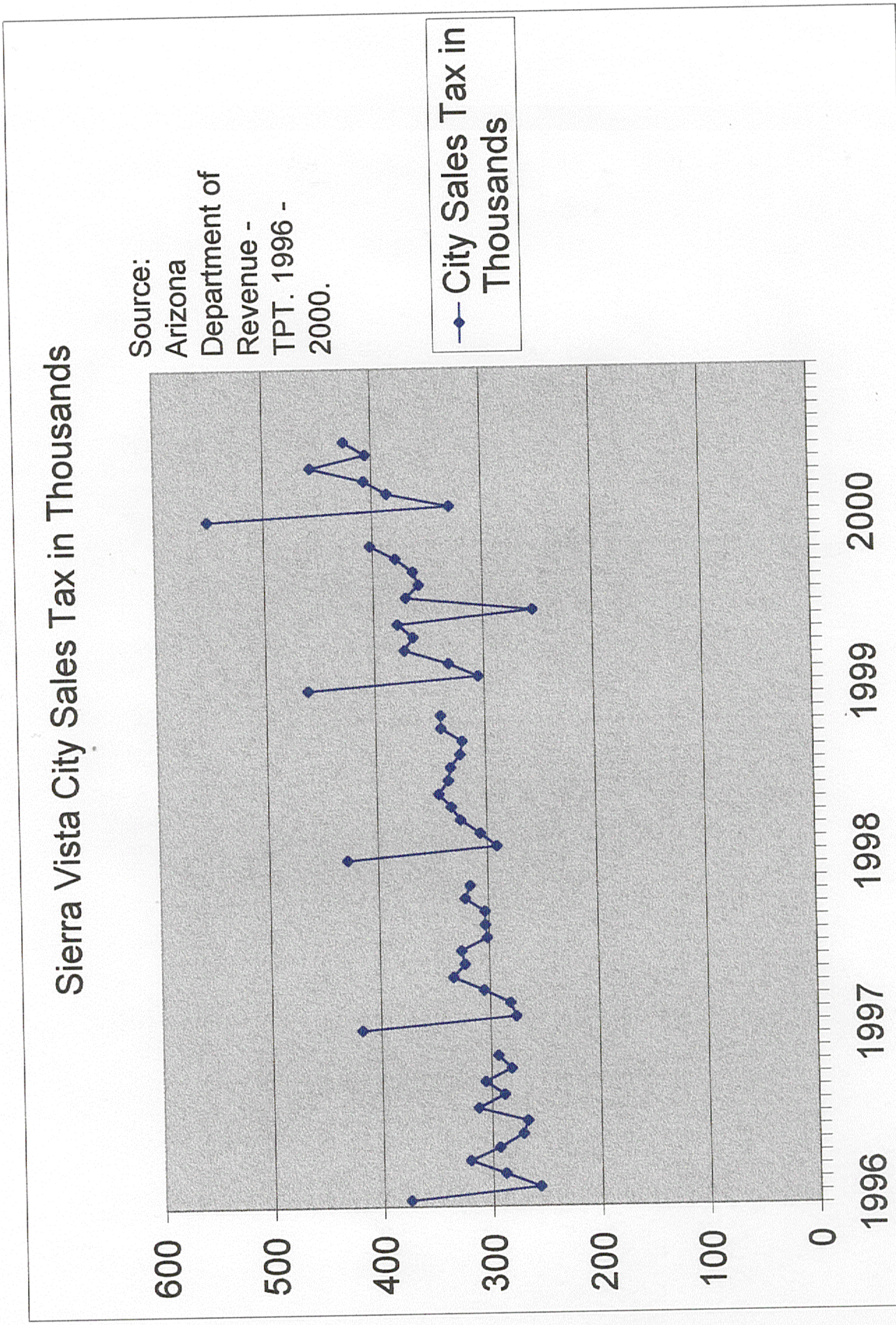
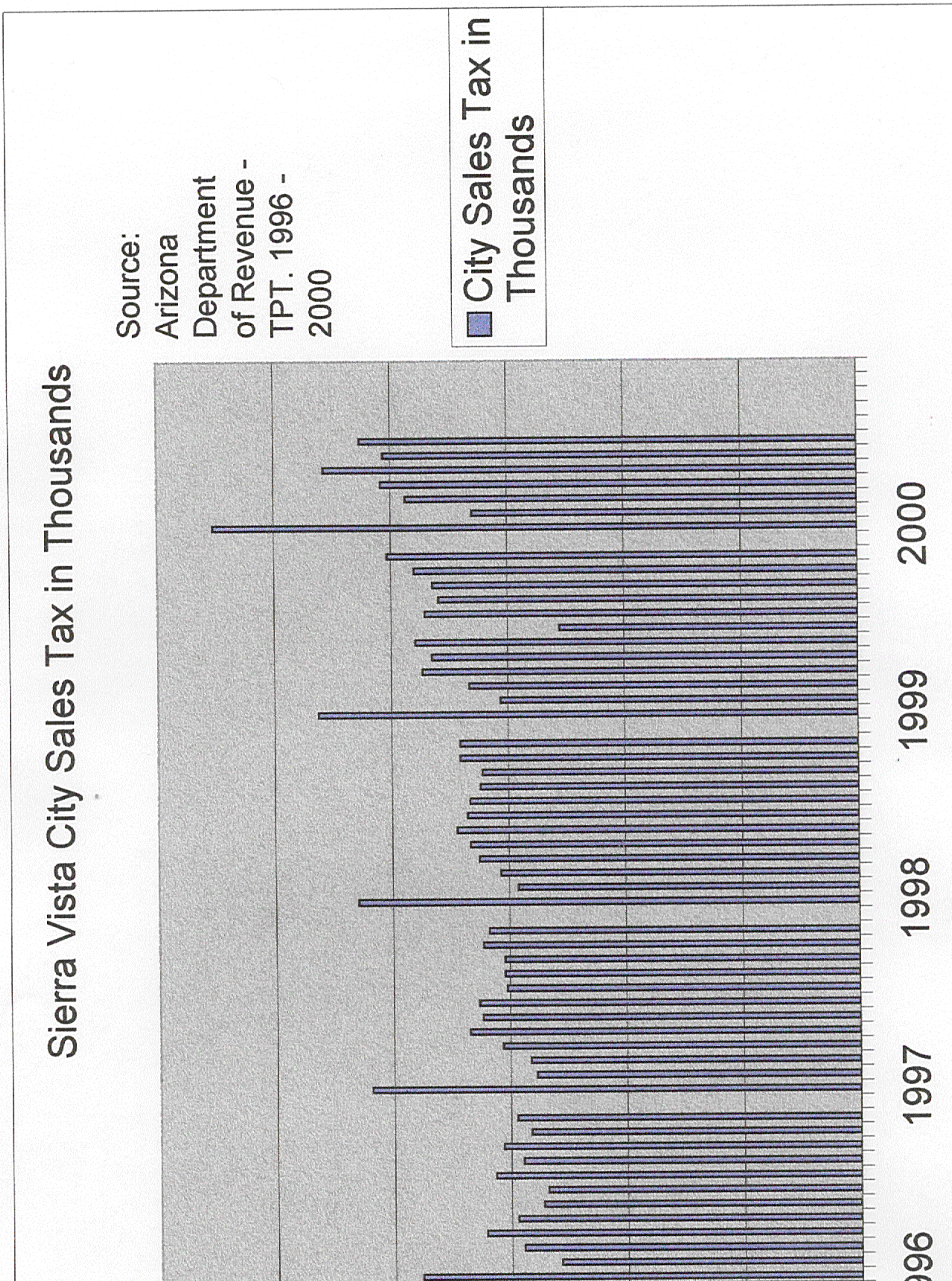

Sierra Vista City Sales Tax in Thousands
Source: Arizona Department of Revenue - TPT. 1996 - 2000.
City Sales Tax in Thousands
600
500
400
300
200
100
0
1996
1997
1998
1999
2000

Figure 4



Sierra Vista City Sales Tax in Thousands
Source: Arizona Department of Revenue - TPT. 1996 - 2000
City Sales Tax in Thousands
600
500
400
300
200
100
0
1996
1997
1998
1999
2000

Recommendations

The world is changing and so too is the practice of economic development. Sierra Vista's economic development program has not abandoned old economic targets, but it has recognized that a competitive economic development program must respond to the emerging challenges and opportunities of the new economy.

With this in mind, we offer the following recommendations.

1) Maintain active recruitment and retention and expansion efforts focused on the two traditional engine activities of manufacturing and the military.
2) Formally recognize retail trade as a third programmatic focus that is on a par with manufacturing and the military.
3) Recognize that reducing trade leakage can be the programmatic equivalent of business retention and expansion programs. Work with the local business community to identify opportunities to reduce leakage of demand for goods and services.
4) Continue to explore opportunities to increase Sierra Vista's role as a regional service center. In theory, other parts of Cochise County and Northern Mexico are a legitimate part of Sierra Vista's trade area. Northern Mexico especially may currently be underserved by Sierra Vista. To the extent this is true, it is an unrealized (or under realized) opportunity for Sierra Vista's provides of goods and services.

Appendix A

Sierra Vista Retail Questionnaire[5]
(for firms located in The Mall at Sierra Vista)

Date:______________________ Interviewer:_________________________

Hello I'm ___________________ and I am a researcher from the University of Arizona. We are working on a study here in the Sierra Vista region that we hope will tell us something about this area's emerging retail structure. May I have a few minutes to ask you some questions?

Thank you. I would like to begin by getting some basic information.

A. General Background

1. What is the formal name of this establishment?_______________________________

____

2. Street Address:____

3. P.O. Box:__________ Community:___________ Zip:_________ Phone:__________
4. Who is the principal local official and what is her/her title?______________________

____

5. What is the principal function of this establishment (Primary product or service)_____

____

SIC CODE:____________________ NAICS CODE: ________________________
6. Was this store in the Sierra Vista market prior to the opening of this mall?

YES NO

IF YES:

7. Where were you located?____

8. If part of a larger company, where is the company headquarters?________________

____

[5] This version of the questionnaire was used for stores in The Mall at Sierra Vista

IF NO:

9. Why did you choose Sierra Vista?____

10. Is this a start-up company? Or a new branch of an existing firm?____

ASK ALL FIRMS:

11. What do you think the advantages are to being located in this mall as opposed to locating somewhere else?____

12. We realize that your company has only been in this mall a short time. Still, does it seem as though your sales volume and business activity is meeting/exceeding your expectations since you moved here?

    YES NO

Ok, now that I know something about your business I'd like to ask you about your labor force.

B. Workforce Description

13. Including yourself, members of your family, and those on salary, how many employees do you have?____

14. How many are:

    A. Year round full time male employees?__________________________________
    B. Year round full time female employees?________________________________
    C. Year round part time male employees?__________________________________
    D. Year round part time female employees?________________________________

15. On average, how many hours per week do these part time employees work?_______

16. How many seasonal employees do you have?________________________________

17. How many of these employees (use number in question 13) live in the Sierra Vista area? (Note that this area includes everything within 10 miles of Sierra Vista)____

18. How many of your employees live in other areas of Cochise County?________________

19. How many of your employees live outside of Cochise County?______________________

(Where?)____

Since your customers are the heart of your business, I'd like to talk to you about who they are and where they come from.

C. Customer Base

20. Approximately what percentage of your total customer sales are made to people who reside with the Sierra Vista area?______________________
(NOTE: Within 10 miles of Sierra Vista. See map).

21. What percent of your total sales are made to people who reside outside of the Sierra Vista area?______________________

22. What share of these "outsiders" live in Cochise County?______________________

23. What share of these "outsiders" live in Mexico?______________________

24. What portion live elsewhere?______________________
(NOTE: If #20 + #21 = 100%, then #22 + #23 + #24 = total for #21).

Insert Map here

Thank you for your time. Just in case we need to call back to check a fact, would you please give me your name?______________________

Source: This questionnaire was prepared by the University of Arizona's Economic Development Research Program in cooperation with Barry Albrecht, Executive Director, Sierra Vista Economic Development Foundation, and Jim Huff, Manager, The Mall at Sierra Vista.

Appendix B

Detailed data from the Questionnaire Administered at The Mall at Sierra Vista

The Mall at Sierra Vista had 47 tenants at the time of the survey. The first five questions were designed to gather basic information. The names of these establishments and their principal functions are listed below. Also listed are their Standard Industrial Classification Code and each firm's classification under the new North American Industry Classification System. Under the SIC system retail establishments have codes beginning with a "5"; service establishments have codes beginning with a "7" or "8".

The comprehensive list of mall tenants at the time of the survey is as follows:

	Name of Establishment	Principal Function of Establishment	S.I.C. Code	N.A.I.C.S. Code	Location
1	A Personal Touch	gifts	5947	453220	Mall
2	A&W Restaurant	food	5812	722211	Mall
3*	AZ Nails	nailcare	7231	812113	Mall
4	Bath & Body Works	beauty products	5999	446120	Mall
5	Blimpie's	food	5812	722211	Mall
6	Bob's Hallmark	gifts	5947	453220	Mall
7	Boone's Gospel Corne	religious merchandis	5942	451211	Mall
8	Bugle Boy	retail/clothing	5611	448110	Mall
9	Camelot Music	music	5735	451220	Mall
10	Cellular One	cell phones	4812	513322	Mall
11	Cinemark 10	movie theater	7832	512131	Mall
12	Claire's	jewelry/accessories	5632	448150	Mall
13	Crescent Jeweler's	jewelry	5944	448310	Mall
14	DEB	clothing/female	5621	448120	Mall
15*	Dillard's	department store	5311	452110	Mall
16	Electronic's Boutique	games	5945	451120	Mall
17	Famous Footwear	shoes	5661	448210	Mall
18	Finish Line	shoes/sports apparel	5661	448210	Mall
19	Flaming Wok	food	5812	722211	Mall
20	Gap	retail/clothing	5651	448140	Mall
21	Glass Rose	gifts	5947	442299	Mall
22	GNC	nutritional sales	5499	446191	Mall
23	Good Times Ice Cream	food/ice cream	5812	722213	Mall
24	Great American Cookies/Pretzelmaker	pretzels/cookies	5812	722213	Mall
25	Kaybee Toys	toy store	5945	451120	Mall
26	Mad N'Stamps	hobby store	5945	451120	Mall
27	MasterCuts	hair salon	7241	812111	Mall
28	Miller's Outpost	retail/clothing	5611	448110	Mall
29	Optical Images	prescription eyecare	5995	446130	Mall
30	Payless Shoesource	shoes	5661	448210	Mall
31	Piercing Pagoda	jewelry/piercing	5944	448310	Mall
32	Poco Loco Taco	food	5812	722211	Mall
33	Radio Shack	electronics	5731	443112	Mall
34	Regis	hair salon	7231	812112	Mall
35	Samuel's Jewelers	jewelry	5944	448310	Mall
36	Sears	department store	5311	452110	Mall
37*	Shell Vacation Club	travel	7389	561599	Mall
38	Smooth Reflections	gifts	5812	722213	Mall
39	Sunglass Hut	sunglasses	5995	446130	Mall
40	Turquoise Caverns	jewelry/gifts	5944	448310	Mall
41	Vanity	clothing/female	5621	448120	Mall
42	Victoria's Secret	lingerie	5632	448120	Mall
43	Villa Pizza	food	5812	722211	Mall

44	Vista Optical	eyecare	5995	446130	Mall
45	Metaboburn	dietary supplements	5499	446191	Mall
46	Yum Yum Island	candy	5441	445292	Mall
47	The Mall at Sierra Vista	mall management	8741	561110	Mall

Detailed Data from the Questionnaire

- The Mall at Sierra Vista has brought new businesses to the Sierra Vista market place. Question 6.

  Of the 47 business contracted, 33 or 70% were not in Sierra Vista prior to the opening of the mall. To a large extent, the Mall has supported new opportunities for Sierra Vista shoppers.

- When established firms move to the Mall they do not always give up their original locations. Question 7.

  Fourteen Mall tenants where already established in Sierra Vista when the Mall was announced. These 14 were spread around town at nine different locations. Ten of the 14 moved to the Mall; four, however, kept their original locations and opened new stores in the Mall.

- Firms coming to Sierra Vista to be in the Mall typically came because they saw Sierra Vista as a dynamic growth center serving a growing region. The Mall environment per se was also seen as a significant incentive. Question 9.

  Not all businesses gave a reason for coming to Sierra Vista. The 19 firms that did give a reason gave us 20 specific reasons which usually boiled down to "growing market" and "mall environment."

- Most businesses in the Mall at Sierra Vista are branches. Question 10.

  Of the 47 businesses in the Mall, 35 are branches and 8 are new start-ups; 4 firms did not respond.

- There are many advantages to a mall location but one clearly drives the desire to locate in a mall – when firms cluster together, their combined drawing power is much greater than the drawing power of any one firm. Question 11.

  There were 20 different responses form the 41 businesses that offered their ideas on advantages of being located in a mall. Easily the driving factor is foot traffic; businesses recognized that they benefitted from being in a cluster – especially a cluster with major anchor stores. This, together with specific factors, e.g., air conditioning, a safe environment, a clean and pleasant atmosphere, abundant parking, and the fact that the mall becomes a community gathering spot (especially for young people) all contribute to the caché this one-of-a-kind location in Cochise County.

- Three-quarters of the Mall's tenants felt that their mall-based store was meeting or exceeding expectations. Question 12.

  Granted, the mall had been open for only six months or so when stores were interviewed. Still, respondents were generally positive. When asked if they thought that sales volume and business activity was meeting or exceeding expectations, 31 businesses said "yes," 9 said "no" and 7 did not respond.

- The Mall is a major Southeastern Arizona employer. Question 13, Question 14, and Question 16.

  A total of 512 head-count employees were identified in the 40 of 47 firms giving employment data. Females out number males and part-timers outnumber full-timers.

	Males	Females	Total
Full-time	68	138	206
Part-time	108	163	271
Seasonal	13*	22*	35
Total	189	323	512

*est.
N=40 of 47 including one of two anchor stores.
Source: University of Arizona Field Survey, Spring 2000.

Full-time employees are those who work 36 or more hours per week year-round. Part timers work year-round too but they work fewer than 36 hours per week. Seasonal workers are not year-round employees, e.g. they work during the summer or at Christmas. No distinction is made between full-time and part-time season workers.

- The fact that The Mall at Sierra Vista employees over 512 employees is impressive. However, this number is a bit deceiving inasmuch as it includes full-time, part-time, and season employees. To avoid the "apples and oranges" problem we can convert employment to an FTE or full-time equivalent employment basis. FTE employment assumes a standard 40 hour week. The 512 head-count employees which were found in 40 of the 47 firms in the Mall (including one of two anchors) equal 301.75 FTE employees – still a sizeable number.

- The Mall makes a major contribution to Sierra Vista's employment base. Question 17, Question 18, and Question 19.
  We estimate that 95% of the Mall's employees live in Sierra Vista or in this city's

immediately vicinity.

- The Mall serves a regional market, not just Sierra Vista per se. Question 20 - Question 24.

  We estimate that 75% of the Mall's sales are to Sierra Vista residents and that 25% of all sales are made to those living elsewhere including Mexico. Here is a breakdown.

Sales to Customers living in:

Sierra Vista and Vicinity	75.1%
Outside of Sierra Vista	24.9%
Other Cochise County	12.4%
Mexico	9.4%
Other	3.1%
Total	100.00%

Source: University of Arizona Field Survey, Spring 2000

- It is commonly assumed that "malls" and "retail" go together. This is largely true but there are exceptions. To further confuse the issue, the United States is currently in the process of switching over from the SIC classification system (Standard Industrial Code) to the NAICS classification system (North American Industrial Code System).

  Using the SIC system we can see that the mall is approximately 87% retail (stores that sell goods ranging from fast food to electronics to clothing to full-serve department stores), and 11% services (travel services, a movie theater, a hair salon, and mall management). The one firm that is neither retail nor services is the cell phone store which falls in the communications sector.

The breakdown of mall tenants in terms of SIC classification and headcount employment is as follows:

SIC Sector	Number of Stores	Percent Headcount Employment
Agriculture	0	
Mining	0	
Construction	0	
Manufacturing	0	
Transportation, Communications, and Public Utilities	1	2%
Wholesale	0	
Retail	41	87%
Finance, Insurance, and Real Estate	0	
Services	5	11%
Public Administration	0	

Source: University of Arizona Field Survey, Spring 2000

The new NAICS system offers a slightly difference picture. For openers, there are 20 basic sectors, not 10 as is the case with the SIC system.

NAICS Sector	Number of Stores	Percent Headcount Employment
Agriculture	0	
Mining	0	
Utilities	0	
Construction	0	
Manufacturing	0	
Wholesale	0	
Retail	33	70%
Transportation and Warehousing	0	
Information	2	4%
Finance and Insurance	0	
Real Estate/Rental/Leasing	0	
Professional/Scientific/Technical Services	0	
Management Companies	0	
Administrative and Support/Waste Management and Remediation	2	4%
Educational Services	0	
Health Care and Social Assistance	0	
Arts/Entertainment/Recreation	0	
Accommodation and Food Services	8	18%
Other Services	2	4%
Public Administration	0	

Source: University of Arizona Field Survey, Spring 2000.

Appendix C

Sierra Vista Retail Questionnaire
(For Big Box firms not located in The Mall at Sierra Vista)

Sierra Vista Retail Questionnaire[6]

Date:________________________ **Interviewer:**______________________________

Hello I'm ___________________________ and I am a researcher from the University of Arizona. We are working on a study here in the Sierra Vista region that we hope will tell us something about this area's emerging retail structure. May I have a few minutes to ask you some questions?

Thank you. I would like to begin by getting some basic information.

1. What is the formal name of this establishment?____________________________________
2. Street Address:____
3. P.O. Box:__________ Community:____________ Zip:__________ Phone:____________
4. Who is the principal local official and what is his/her title?____________________________

   ____
5. What is the principal function of this establishment (Primary product or service)___________

   ____

   SIC CODE:_______________________ NAICS CODE:_________________________

6. How long has your firm been located in Sierra Vista?_______________________________
7. How long have you been at this location?____
8. If part of a larger company, where is the company headquarters?______________________
9. What do you think the advantages are to being at this location?_______________________

   ____

Ok, now that I know something about your business I'd like to ask you about your labor force.

B. Workforce Description

10. Including yourself, members of your family, and those on salary, how many employees do you have? ____

11. How many are:

[6] This version of the questionnaire was used for "Big Box" stores not in The Mall at Sierra Vista

A. Year round full time male employees?__________
B. Year round full time female employees?__________
C. Year round part-time male employees?__________
D. Year round part-time female employees?__________

12. On average, how many hours per week do these part-time employees work?__________
    (Note if total or per employee)

13. How many seasonal employees do you have?__________

14. How many of these employees (use number in question 10) live in the Sierra Vista area?
    ____
    (Note that this area includes everything within 10 miles of Sierra Vista)

15. How many of your employees live in other areas of Cochise County?__________

16. How many of your employees live outside of Cochise County?__________

    Where?__________

Since your customers are the heart of your business, I'd like to talk to your about who they are and where they come from.

C. Customer Base

17. Approximately what percentage of your total customer sales are made to people who reside within the Sierra Vista area? __________
    (NOTE: Within 10 miles of Sierra Vista. See map)

18. What percent of your total sales are made to people who reside outside of the Sierra Vista area?__________

19. What share of these "outsiders" live in Cochise County?__________

20. What share of these "outsiders" live in Mexico?__________

21. What portion live elsewhere?__________
    (NOTE: If #17 + #18 = 100%, then #19 + #20 + #21 = total for #18).

Map of Sierra Vista and Surrounding Area

Thank you for your time. Just in case we need to call back to check a fact, would you please give me your name? ________________________________

Source: This questionnaire was prepared by the University of Arizona's Economic Development Research Program in cooperation with Barry Albrecht, Executive Director, Sierra Vista Economic Development Foundation and Jim Huff, Manager, The Mall at Sierra Vista.

Appendix D

MISSION STATEMENT

The Sierra Vista Economic Development Foundation will broaden its mission to include the identification and recruitment of large retail organizations that provide products and services desired by the community. In order to accomplish this mission, SVEDF will provide retail demographics, research analysis, and identify required product lines to ensure that the Sierra Vista community becomes the Retail Center of Southeast Arizona.

SVEDF INTENT

1. Establish SVEDF as a Point of Contact for all major Retail Organizations as defined by the SVEDF Strategic Plan.

2. Establish SVEDF as a hub for collection and dissemination of demographic information, need assessment, analysis, finance, grant and aid in order to assist with new facility and Mall development.

3. SVEDF will provide a full compliment of large retail opportunities in cooperation with the City of Sierra Vista.

4. Develop a strong marketing plan that includes a schedule of advertisements, brochures, documentation and trade shows, commensurate to attract a variety of complimentary retail establishments to Southeastern Arizona.

Source: Prepared by Barry Albrecht, Executive Director, Sierra Vista Economic Development Foundation, 1997.

Appendix E

Mission Statement
Sierra Vista Retail Development Study

Sierra Vista Economic Development Foundation (SVEDF) is pleased to announce that SVEDF has contracted with University of Arizona, Office of Arid Lands Studies, to perform a retail development study.

Purpose. The purpose of the current study is to evaluate the significance of the new mall on Sierra Vista and the Southeastern Arizona Region. There is no doubt that the mall has taken Sierra Vista to a new level. It brought Dillards to the community and it accommodated a four fold increase in the size of Sierra Vista's Sears store. But other implications are less clear. Among the questions that we will address are:

- How many of the mall's tenants are new to Sierra Vista? How much new retail capacity has been added by the mall?
- What is the magnitude of employment generation attributed to the mall? What can be said about gender and full-time and part-time status of workers?
- Sierra Vista serves a large region. How many of the mall's workers live in communities surrounding Sierra Vista (rather than in Sierra Vista per se)?
- Sierra Vista is "Southeastern Arizona's shopping center." What portion of the mall's customers come from Sierra Vista? How many come from elsewhere in Cochise County? From Mexico?
- We know that the mall has only been open for a few months. Still, do tenants think that their decision to move into the mall was a good one?
- And finally, estimate the total initial economic impact on the city in dollars. Include property taxes, licenses, sales taxes, and employment.

Background. The relationship between community population levels and number and type of retail establishments found in the community is well understood by the geographers and regional scientists who study these things. These understandings can be made available to planners, economic developers and investors who have an interest in knowing what sorts of goods and services can be supported as populations increase (or decrease). There are also understandings of the hierarchical nature of shopping centers. Less understood is what a new regional mall means to a community. We can guess that a regional mall takes the community to a new and higher level as a retail center but the literature is limited.

Approach. The study will rely on a questionnaire administered by the University of Arizona project team. The study is being undertaken will be with the full cooperation of Jim Huff and his mall management team and Barry Albrecht and the Greater Sierra Vista Economic Development Foundation.

Timing. The project will be completed during spring 2000. A final report is expected to be submitted in May 2000.

Project Management. The project will be complete by a team from the University's Regional Development Program. The project client is:

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